ANNUAL REPORT ON THE DEVELOPMENT OF NATURAL GAS MARKETS IN ILLINOIS

ILLINOIS COMMERCE COMMISSION

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I. Introduction

This fulfills the statutory requirement in Section 19-130, Commission Study and Report, of Article 19 (220 ILCS 5/19) of the Illinois Public Utilities Act ("Act"). Section 19-130 requires the Illinois Commerce Commission ("Commission") to prepare an annual report analyzing the status and development of the retail natural gas market in the State of Illinois, including data on volumes of natural gas sold to retail customers and the number of customers served by alternative gas suppliers and gas utilities. The required data is included in tables and attached as an appendix.

This report discusses the differences between traditional utility sales service and transportation service. Utility sales service is provided at the same regulated rate to all customers. Transportation service allows multiple suppliers to sell competitively priced natural gas supply to retail customers. Transportation service is expected to result in lower prices, a wider array of services, and customized pricing, terms, and conditions of service for individual customers or groups of customers.

Transportation service has evolved from a simple to a more sophisticated service that offers customers a number of alternatives to traditional utility sales service. Transportation service accounts for approximately 44% of retail natural gas sales in Illinois. Most of these volumes are attributable to large volume industrial and commercial customers. More than 80 alternative retail suppliers serve these customers. No alternative retail gas supplier serves more than 7 percent of the market. Transportation service is available to small commercial and residential customers in three utility service territories in Northern Illinois. The market for small volume customers is still in its infancy, but early signs of customer and supplier interest are encouraging. The impact of the Gas Use Tax Law will likely reduce the volumes of transported gas and may reduce the number of customers on transportation service.

II. Traditional Bundled Service vs. Gas Transportation or Unbundled Service

Shippers of natural gas, including gas utilities or Local Distribution Companies ("LDCs"), suppliers, and other end-users, purchase gas supply at competitive prices from producing regions across North America and at various points along a vast network of federally regulated interstate pipelines. Shippers must arrange for the delivery of natural gas to retail customers via interstate pipelines and state regulated LDC distribution systems. LDCs take receipt of natural gas at points called "city-gates", where their distribution systems connect with interstate pipelines. Large LDCs may be connected to multiple interstate pipelines with numerous city-gates on each pipeline. Small LDCs may be connected to only one pipeline with fewer city-gate connections. Once an LDC takes receipt of gas at a city-gate, it becomes responsible for delivering that gas to retail customers connected to the LDC's system.

The Commission regulates thirteen Illinois LDCs ranging in size from a few thousand customers to nearly 2 million customers. In Illinois, LDCs are required to offer "bundled" or sales service to all retail customers on their system. Sales service customers pay a regulated rate for sales service that includes the cost of natural gas supply, intestate pipeline services, and local distribution service. Gas costs, including the price of the gas commodity as well as any leased pipeline services required to deliver the commodity to the LDCs system, flow through a Purchased Gas Adjustment Clause ("PGA"). The Commission performs annual PGA reviews to determine whether LDCs purchased gas in a prudent manner, and to reconcile the costs of delivered gas with the revenues collected from customers for that gas. The cost of prudently procured gas must equal the revenues received for that gas; otherwise, a surcharge or refund to customers is required. If an LDC's gas purchases are deemed imprudent, the Commission disallows recovery of the costs associated with those purchases. PGA rates vary monthly to reflect the cost of gas that the LDC buys to meet the needs of sales customers as a group. The PGA may include hedging costs to moderate price swings in the gas market, but the same portfolio and gas price is offered to each customer.

All Illinois LDCs also offer transportation or "unbundled" service to industrial and large commercial customers as an alternative to bundled service. Some Illinois LDCs also offer transportation service to small commercial and residential customers. Transportation service allows retail customers to purchase competitively priced natural gas supply from alternative gas suppliers rather than regulated PGA gas from their LDC and offers customers the option to buy gas under terms that more closely reflect their individual needs. Alternative gas suppliers arrange for the delivery of transportation gas via interstate pipelines to the city gate or purchase supply at the city gate from wholesale suppliers. The LDC then takes receipt of that gas and delivers it to the suppliers' customers at a delivery rate that is regulated by the Commission.

The theory behind transportation service is that, unlike the delivery of gas through natural monopoly infrastructure such as interstate pipelines and distribution networks, natural gas supply can be provided in a competitive market. Duplication of interstate pipelines and delivery system infrastructure is uneconomical and results in a higher cost of delivery service. Allowing multiple shippers to sell natural gas supply to retail customers is expected to lower overall prices for natural gas supply, provide a broader offering of services that reflect the varying preferences of consumers, and allow suppliers to tailor pricing, terms, and conditions of service to better meet the needs of individual customers or niche markets.

Suppliers have offered a wide array of pricing options and other services to transportation customers, including small volume transportation customers. Pricing offers have included fixed prices, market-based prices, market-based prices with the option to lock in a fixed price, market-based prices with a ceiling and a floor, discounts off of the LDC's PGA rate, and market-based prices in conjunction with a storage hedge. Suppliers have also offered discounts on gas service to customers that enroll via the Internet or telephone and discounts on other products and services.

III. History of Natural Gas Industry Restructuring in Illinois

A. ICC Advocacy of Open Access at the Federal Level

The ICC was an early supporter of the development of federal policies related to wholesale competition and the restructuring of the natural gas industry. With respect to the development and improvement of competitive wholesale markets, the ICC has focused most of its attention on key proceedings at the Federal Energy Regulatory Commission ("FERC"). Starting as far back as 1983, the Commission has intervened in numerous FERC proceedings to argue pro-competitive positions. The ICC has consistently argued before the FERC that competitive forces, where viable, will best protect the interests of consumers. Non-discriminatory interstate pipeline transportation is the crucial link between the competitive wellhead market and natural gas consumers.

B. Development of Retail Competition for Large Volume Customers in Illinois

For almost two decades, the ICC has been placing into effect unbundled gas transportation tariffs filed by Illinois LDCs. These LDC tariffs, in combination with interstate pipeline tariffs approved by the FERC, have created competitive supply markets for commercial and industrial customers. A sizable contingent of gas suppliers and marketers has developed to meet the needs of retail customers that choose to transport their own gas instead of purchasing gas commodity directly from their LDC under bundled tariffs. In 2002, transportation gas accounted for approximately 44 percent of all gas delivered to retail customers in Illinois -- a four percent increase over the past five years.

The ICC's approach toward retail competition in the natural gas industry has evolved over the past two decades to better reflect existing conditions in the industry. In the early stages of transportation service in Illinois, unbundled rate "design" amounted to simply deducting the PGA price from transported volumes. When transportation customers consumed LDC-supplied gas, they paid the regular PGA or bundled rate. Transportation rates have become more sophisticated over time as operating rules and charges have been developed to reflect the standby and balancing services provided to transportation customers. The charges are designed to recoup the cost of providing the level of firm LDC service requested by the customer. In addition, for customers that exceed their contracted level of firm gas service, there are various penalty charges or above-market rates that may apply. The purpose of the penalty charges is to prevent large-scale imbalances beyond those that the LDC is prepared to accommodate, pursuant to the terms and conditions and rates specified in the tariff. Such penalties are often much more practical than the alternative of actually curtailing service to transportation customers whose gas supply does not reach the citygate—a clear advantage when customers number in the thousands as they do in the small volume transportation programs discussed below.

C. Small Volume Transportation Programs

Some of the most recent developments in Illinois retail natural gas markets involve the introduction of small volume transportation programs, or "aggregation" programs, for commercial and residential customers. Like large volume transportation programs, aggregation programs provide small volume customers with the opportunity to purchase competitively priced natural gas commodity from alternative retail gas suppliers as an alternative to traditional bundled utility service. Unlike large volume transportation programs, the cost of advanced metering that measures daily usage would render the service uneconomical for small volume customers. Instead of relying on advanced metering for measured daily usage, small volume transportation programs allow suppliers to aggregate customer load and rely on estimated daily usage of groups of customers for balancing purposes. Over the past seven years, the Commission has approved several small volume transportation pilot programs, some of which have developed into permanent programs. In December 2002, approximately 108,000 residential customers and 60,000 commercial customers were served under small volume transportation programs in Illinois.

1. Peoples Gas Light and Coke Company and North Shore Gas Company's "Choices For You" Programs

On May 15, 1997, Peoples Gas Light and Coke Company ("Peoples") filed small volume transportation tariffs, which would later become known as the "Choices For You" program. These tariffs went into effect without Commission suspension on June 29, 1997, and Peoples implemented a two-year pilot transportation program for small volume commercial customers that would expire in October 1999.

Once the Pilot Program was placed into effect, the Commission, in Docket No. 97-0297, opened an investigation to review several program attributes. In August 1998, the Commission concluded the investigation, ordered the Company to increase the maximum number of customers that a supplier could aggregate into one group to 1,000, and the Company made a compliance filing to implement the Commission's Order.

In April 1999, the Commission granted an extension of the Pilot Program through June 2000. On May 9, 2000, Peoples proposed to eliminate the termination date of the program and implement other revisions to the tariffs, such as amending the restrictions placed on the number of customers that can be aggregated into one group, increasing the number of eligible customers, making the program available to more suppliers, reducing certain fees and charges, altering the methods used to determine the scheduling of nominations and storage injections and withdrawals, modifying some of the supplier participation requirements, and amending the customer sign-up, billing and enrollment processes. On June 30, 2000, the Commission approved Peoples' filing to place into effect a permanent unbundling program for all non-residential customers with an annual consumption of less than 50,000 therms.

On May 16, 2001, Peoples filed to revise its "Choices For You" program. Among other things, Peoples proposed, beginning on May 1, 2002, to expand eligibility to residential customers with increasing enrollment limits. Peoples also proposed to assess an additional charge for storage to each supplier based on the consumption of the suppliers' customers, eliminate the winter period firm transportation requirement, increase the amount of storage available for seasonal hedging, reduce the monthly account charge, provide daily and monthly delivery tolerances for supplier deliveries to the Company's system, and revise cash-out charges for over and under deliveries on critical and non-critical days. The filing represented a significant change from the existing program and an expansion of the availability of transportation service to residential customers. At the same time that Peoples filed to expand its small volume transportation program to residential customers, North Shore Gas Company ("North Shore"), a sister company of Peoples, filed to implement a program that was nearly identical to Peoples' "Choices For You" program. One of the few differences was the lower cap on residential customer participation, reflecting the fewer number of residential customers in North Shore's service territory.

On June 27, 2001, the Commission suspended Peoples' and North Shore's filings and opened eight-month long investigations of the proposed Choices For You programs. On March 5, 2002, the Commission issued its Final Orders allowing Peoples and North Shore to move forward with their plans to phase in residential transportation service on a pilot basis over a period from May 1, 2002 through April 30, 2005. The Commission ordered a number of changes to the companies' originally proposed programs and required the companies to hold workshops on customer education and storage use. The Commission required Peoples and North Shore to allow suppliers to provide customers with a single bill that includes the utility's delivery charges and the supplier's commodity charges. A single bill can lower administrative costs of suppliers, increase supplier interest, and encourage customer participation. The Commission also ordered a number of changes to the companies' balancing practices, program charges, and other program procedures.

The Commission set the following participation limits for residential customers:

Period	Peoples	North Shore
May 1, 2002 through April 30, 2003	98,000	18,000
May 1, 2003 through April 30, 2004	181,000	33,000
May 1, 2004 through April 30, 2005	249,000	45,000

The participation limits are a function of the number of residential customers in each company's service territory. On or before October 1, 2004, the companies are required to file participation limits for April 30, 2005 and beyond. The enrollment limits have not been binding as the limits far exceed current enrollment levels.

2. Nicor's "Customer Select" Program

In October of 1997, the Commission approved Nicor's filing to place into effect Rider 15, Customer Select Pilot Program, Rider 16, Supplier Aggregation Service, and some proposed revisions to existing tariff sheets. The combination of these tariffs allowed Nicor to offer a pilot transportation program to small volume industrial and commercial customers that had not chosen to take transportation service under existing transportation tariffs. Originally, it was proposed that 10,000 residential customers be eligible for service during the third and final year of the pilot program.

In September 1998, Nicor received Commission approval to expand availability of the program to a total of approximately 65,000 industrial and commercial customers and 80,000 residential customers. The second year of "Customer Select" commenced on May 1, 1999, and marked the first time that residential customers in Nicor's service territory were allowed to choose their own natural gas supplier.

In September 1999, Nicor received Commission approval to expand availability of the Customer Select program to a total of 265,000 residential customers and all commercial and industrial customers. The third year of the "Customer Select" pilot program began on May 1, 2000. Twelve competing suppliers served more than 117,000 industrial, commercial and residential customers during the third year of the Customer Select pilot program. The program was scheduled to terminate on April 30, 2001. On August 11, 2000, the Company filed to transform the pilot program into a permanent program available to approximately 1.9 million customers. On September 20, 2000, the Commission suspended the filing and commenced a lengthy investigation into Nicor's proposed permanent "Customer Select" program.

On July 6, 2001, the Commission issued its Final Order, allowing Nicor to move forward with a permanent "Customer Select" program. The Commission also ordered a number of changes to Nicor's originally proposed program and required Nicor to hold workshops on customer education. Among other things, the Commission required Nicor to allow suppliers to provide customers with a single bill that includes Nicor's delivery charges and the supplier's commodity charges. The Commission also ordered a number of changes to program charges, operations and procedures. On March 1, 2002, "Customer Select" became available to all of the nearly 2 million residential, commercial, and industrial customers in Nicor's service territory.

3. Central Illinois Light Company's Small Volume Transportation Program

In 1996, Central Illinois Light Company ("CILCO") filed the first pilot residential unbundling program in the State of Illinois. While there was some initial interest from suppliers and customers, suppliers eventually withdrew from the program. The lack of supplier interest may have been associated with high marketing costs per customer given the limited size of the program. The pilot phase was scheduled for five years. CILCO's pilot residential unbundling program expired in 2001 and is no longer available.

D. Value of *Unbundled Service to Small Volume Customers*

Supplier offerings differ in several ways from the PGA charges that LDCs assess to bundled service customers. The PGA reflects the Company's actual cost of gas. To the extent that the Company's commodity costs fluctuate with the market, the PGA also fluctuates with the market. As mentioned in Section II above, suppliers have offered a wide array of pricing options and other services to small volume transportation customers.

Program benefits depend on the prices and services offered by each supplier and the value that each customer derives from their chosen service option. For example, if a customer enters into a fixed price contract with a supplier, the customer could be better off or worse off depending on the direction that market prices follow after the fixed price contract is effectuated. Even if a customer enters into a fixed price contract and gas prices subsequently drop below the level of the fixed price, one cannot unequivocally argue that the customer was harmed by the fixed price contract. This is because there is a benefit, albeit a benefit that is difficult to place a dollar value on, to eliminating the uncertainty associated with the PGA charge or any other variable price.

While one cannot unambiguously say that small volume customers taking service under the programs have benefited, the popularity of the programs, as evidenced by nearly 169,000 participating customers, indicates that customers derive benefits from the option to choose alternative gas suppliers. The following table shows data for Nicor's, Peoples' and North Shore's small volume transportation programs:

Small Volume Transportation Customers by LDC - December 2002

Program	Residential	Commercial	Total
Nicor - Customer Select	100,632	50,741	151,373
Peoples - Choices For You	6,122	9,789	15,911
North Shore - Choices For You	1,364	301	1,665
Total	**108,118**	**60,831**	**168,949**

While these programs are still in their infancy, the data nevertheless provides evidence that small volume residential and commercial customers will participate in competitive markets where aggregation tariffs are available. As mentioned above, Nicor's program has only been available on a permanent basis to all customers in Nicor's service territory since March 1, 2002. Peoples' and North Shore's small volume transportation programs became available on a pilot basis to a limited number of residential customers for the first time beginning on May 1, 2002. Because Nicor's, Peoples', and North Shore's small volume transportation programs have only been available on either a permanent or pilot basis for less than a year as of December 2002, it would be premature to make an assessment on the level of competition for residential and small volume commercial customers in these service territories. However, early participation rates and supplier interest have been encouraging. As suppliers become more familiar with small volume markets in Northern Illinois and customers become more familiar with unbundled gas service, the Commission expects that participation in competitive markets by small volume customers will continue to expand in the near future.

IV. Recent Developments in Transportation Markets

A. Peoples Storage Collaborative

North Shore, Peoples, ICC Staff, and various suppliers have participated in a Commission-ordered collaborative process aimed at developing a more reasonable use of storage for Choices For You customers that more closely reflects how storage is used to serve bundled service customers. The majority of “Choices For You” customers use natural gas for heating purposes. Gas is currently required to be withdrawn from storage in equal amounts on each day during a given month. This method of withdrawals requires suppliers serving “Choices For You” customers to meet daily fluctuations in demand through changes in deliveries to the Company’s system. The object of the collaborative process is to devise a system whereby a portion of demand fluctuation can be absorbed through storage withdrawals rather than pipeline deliveries. The collaborative process is in its final stages and the parties appear to be close to consensus on a new method for absorbing temperature-related demand swings through storage withdrawals.

B. Nicor Energy L.L.C. Exits the Market

Nicor Energy L.L.C. is a joint venture between Nicor Inc. (the parent company of Nicor Gas Company) and Dynegy Inc. that offered natural gas, electricity, and energy-related services to industrial commercial and residential customers in the Midwest. In February 2003, Dynegy and Nicor Inc. began to dismantle their jointly owned Nicor Energy L.L.C. unit by selling off approximately 132,000 retail natural gas customer accounts to Dominion Retail, a division of Richmond, Virginia-based Dominion Resources Inc. The majority of these accounts were residential and small commercial customers in Nicor’s “Customer Select” program, although the sale also included some residential and small commercial accounts in Peoples’ “Choices For You” program.

In March 2003, Nicor Energy L.L.C. turned its focus on selling its larger commercial and industrial accounts. On March 27, 2003, Accent Energy Group L.L.C. announced the acquisition of approximately 1,700 commercial and industrial accounts across northern Illinois from Nicor Energy L.L.C. Nicor Energy L.L.C. reported that the transaction completed its efforts to assign all of its existing contracts for retail energy supply to qualified energy suppliers.

The acquisition of customer accounts and transfer of accounts from Nicor Energy L.L.C. to other competitors have been relatively smooth. Customers were not required to take any action as a result of the reassignment of their contracts. Both suppliers have stated that they will honor the terms and conditions of the acquired contracts.

Some competitors and advocates of retail competition in the natural gas industry view the disbandment of Nicor Energy L.L.C. as a positive development because of its corporate affiliation with Nicor Gas Company, one of the LDCs in control of the natural monopoly infrastructure needed to deliver competitively priced natural gas supply to retail customers in Northern Illinois. Such parties have long argued that affiliated retail gas suppliers should be precluded from offering competitively priced supply to retail customers in their affiliated utility's service territory because of the financial tie between utilities and their affiliated alternative retail gas suppliers. They argue that the utility is likely to provide preferential treatment to its affiliate. Such preferential treatment results in an uneven playing field and provides affiliated suppliers with an unfair competitive advantage over unaffiliated suppliers. These concerns have been eliminated in Nicor's service territory due to the dismantling of Nicor Energy L.L.C.

C. Article XIX – Alternative Gas Supplier Law

On February 8, 2002, Governor Ryan signed Senate Bill 694 (Public Act 92-0529), creating Article 19, "Alternative Gas Supplier Law", of the Public Utilities Act. Article 19 requires the Commission to adopt rules through which it will certify all alternative gas suppliers that serve or seek to serve residential natural gas customers. The Commission adopted Illinois Administrative Code Part 551, which details the financial, managerial, and technical requirements that alternative gas suppliers must meet in order to be certified.

On August 26, 2002, Governor Ryan signed House Bill 4667 (Public Act 92-0852), amending Article 19 to require certification of alternative gas suppliers serving commercial customers with an annual usage of 5,000 therms or less and to include various customer protections. An amended version of Code Part 551, which modifies the current Code Part 551 to include certification requirements for suppliers serving small commercial customers, is currently in first notice and should be completed by October 2003.

The Commission has certified seven suppliers under Article 19 of the Act. In addition, the Staff of the Commission is handling a steady flow of inquiries from suppliers that are interested in being certified to serve residential and small commercial customers in Illinois. The following suppliers are currently certified to serve residential customers in Illinois: Corn Belt Energy Corporation, Dominion Retail Inc., MX Energy Inc., Peoples Energy Services Corporation, Santanna Energy Services, and Shell Energy Services Company, LLC.

D. Gas Use Tax Law

On June 20, 2003, Governor Blagojevich signed SB1733, creating Article 5, "Gas Use Tax Law" (Public Act 93-0031). The Gas Use Tax Law assesses a tax of either 2.4 cents per therm or 5% of the purchase price of natural gas to transportation customers, depending on the tax payment method that the customer selects. The tax will go into effect on October 1, 2003. Use of gas by the following entities will be exempt from the tax: governmental bodies, charitable, religious and educational organizations, gas-fired electric generators, petroleum refineries, anhydrous ammonia and downstream nitrogen fertilizer producers, and producers of natural gas byproducts for resale.

Transportation customers have been exempt from a similar tax assessed to bundled service customers under the Gas Revenue Tax Act. This exemption was probably influential in the decision of many large volume customers to choose transportation service over utility sales service. Elimination of the tax differential between utility sales service and transportation service will increase the cost of purchasing gas from third-party suppliers and make transportation service less attractive relative to utility sales service. The result will likely be a reduction in the number of customers on transportation service. The overall impact of the tax, on transportation service and the retail natural gas market in Illinois, has yet to be determined.

V. 2002 Calendar Year Data on Retail Natural Gas Markets In Illinois

Section 19-130, Commission Study and Report, of Article 19 (220 ILCS 5/19) of the Act requires this report to include the following data:

> (1) the aggregate annual demand of retail natural gas customers in the State of Illinois in the preceding calendar year;
>
> 2) the total annual therms delivered and sold to retail customers in the State of Illinois by each gas utility and each alternative gas supplier in the preceding calendar year;
>
> (3) the percentage of therms delivered and sold to customers in the State of Illinois in the preceding calendar year by each gas utility and each alternative gas supplier;

> (4) the total number of customers in the State of Illinois served in the preceding calendar year by each gas utility and each alternative gas supplier;

The table attached to this document as Appendix A fulfills the above requirements of Section 19-130. Gathering accurate data to include in this report has been problematic. Utilities were not well prepared to provide the required information. Utilities do not generally track which parties have title to gas that is nominated to their distribution systems. Most transportation customers have a designated agent that acts as a liaison between the utility and the transportation customer. This agent may be an alternative gas supplier as defined in Section 19-105 of the Act, or the agent may be a consultant that arranges for an alternative gas supplier to deliver gas to the city-gate on behalf of one or more transportation customers. The latter never takes title to the gas and, therefore, does not offer gas for sale, lease, or in exchange for other value received to one or more customers or engage in the furnishing of gas to one or more customers. Rather, the entity essentially acts as a gas-purchasing consultant. Utility responses to data requests, in many cases, treated these consultants as alternative gas suppliers even though they do not fit the definition of alternative gas supplier under Section 19-105.

Other problems also arose. In many cases, the utilities failed to provide proper or updated legal names of suppliers, resulting in the same suppliers being listed several times under different names. Wholesale supplier activity was reported as retail supplier activity. The number of customers served by each supplier was estimated by at least one utility because, in some cases, there was no way to attribute a particular transportation customer to a supplier. Some customers do not have a designated agent and purchase gas from a different supplier each month. The ICC Staff contacted well over 80 suppliers and end-use customers to verify whether the data provided was accurate. Staff attempted to resolve any inconsistencies between information provided by suppliers and data request responses of utilities. Complicating matters further, most suppliers serve large volume customers and, hence, are not certified by the Commission. These suppliers are under no obligation to provide data and most consider the data proprietary. Therefore, individual suppliers are not identified.

Although questions remain about the accuracy of the data supplied by gas utilities, any inconsistencies in the data would not have a significant impact on market share because the identities of the largest suppliers have been verified. While information on individual suppliers may not be perfectly accurate, the data does provide accurate insight into the level of retail competition in the natural gas industry.

The aggregate annual demand of Illinois retail natural gas customers in 2002 was approximately 9.2 billion therms. More than 199,000 transportation customers purchased nearly 44% of the total gas sold to Illinois retail customers from more than 80 alternative retail gas suppliers in 2002. The remaining 56% was delivered by Illinois LDCs and sold at regulated PGA rates to more than 3.7 million Illinois retail natural gas customers. The greatest market share among alternative gas suppliers was 6.7% of the total volumes delivered to Illinois retail customers. No other alternative gas supplier had greater than a 4% market share in 2002. The number of participating suppliers and low supplier market shares reflect a significant level of statewide retail competition, especially for large volume customers, which account for the majority of transportation volumes in Illinois.

Appendix B provides information on retail sales by individual service territory for the six largest LDCs in Illinois. Appendix B shows that large industrial customers account for the majority of transportation volumes in Illinois. In the CILCO, Central Illinois Public Service Company's ("CIPS"') and Illinois Power (IP) service territories, a handful of industrial customers account for 43%, 40%, and 30% of transportation volumes respectively. Participation in competitive markets by small volume customers in these service territories is negligible. Small volume aggregation programs are not available in these service territories, and, as mentioned above, the cost of daily metering likely prohibits small volume customers from taking service under existing transportation tariffs.

Section 19-130 - Appendix A - Natural Gas Utility Sales and Transoprtation Data

Subtotal - Utility Bundled Sales Service	**5,202,581,467**
Subtotal - Alternative Gas Suppliers	**3,983,154,040**
Total Retail Sales - 2002	**9,185,735,507**

Utility - Bundled Sales Service	Annual Therms Delivered and Sold in 2002	Number of Customers Served in 2002	Percentage of Total Therms Delivered and Sold in 2002
Nicor Gas Company	2,614,628,565	1,851,441	28.46%
Peoples Gas Light & Coke Company	1,189,273,090	798,778	12.95%
Illinois Power Company	542,952,271	411,122	5.91%
Central Illinois Light Company	293,484,287	208,054	3.20%
North Shore Gas Company	245,232,090	149,040	2.67%
Central Illinois Public Service Company	168,463,634	167,947	1.83%
MidAmerican Energy Company	79,854,098	64,417	0.87%
Atmos Energy	25,373,454	23,726	0.28%
Illinois Gas Company	12,809,841	10,309	0.14%
Union Electric Company	10,049,734	19,491	0.11%
South Beloit Water Gas an Electric Company	9,189,140	7,033	0.10%
Interstate Power and Light Company	7,043,681	5,487	0.08%
Mount Carmel Public Utility Company	4,227,582	3,684	0.05%
Subtotal - Utility Bundled Sales Service	**5,202,581,467**	**3,720,529**	**56.64%**

Alternative Gas Suppliers - Transportation Service	Annual Therms Delivered and Sold in 2002	Number of Customers Served in 2002	Percentage of Total Therms Delivered and Sold in 2002
1	623,631,643	123,581	6.79%
Transport Customers w/out Designated Supplier	424,427,341	97	4.62%
2	375,830,637	16,205	4.09%
3	297,321,082	5,728	3.24%
4	274,195,325	151	2.99%
5	257,785,540	8	2.81%
6	195,625,063	770	2.13%
7	176,584,576	3,117	1.92%
8	137,409,601	48	1.50%
9	109,154,263	34,394	1.19%
10	98,978,062	672	1.08%
11	97,175,109	323	1.06%
12	91,257,786	1,945	0.99%
13	82,635,733	1,194	0.90%
14	72,549,452	5	0.79%
15	67,790,064	16	0.74%
16	61,427,659	77	0.67%
17	45,372,067	113	0.49%
18	41,922,802	1,567	0.46%
19	36,430,715	238	0.40%
20	33,102,975	921	0.36%
21	30,068,361	6	0.33%

Section 19-130 - Appendix A - Natural Gas Utility Sales and Transoprtation Data

Alternative Gas Suppliers - Transportation Service	Annual Therms Delivered and Sold in 2002	Number of Customers Served in 2002	Percentage of Total Therms Delivered and Sold in 2002
22	25,950,904	7	0.28%
23	23,196,433	90	0.25%
24	21,733,198	6	0.24%
25	19,433,970	62	0.21%
26	17,713,697	24	0.19%
27	15,665,168	1	0.17%
28	15,434,342	1	0.17%
29	15,182,759	4	0.17%
30	11,277,171	8	0.12%
31	10,575,775	358	0.12%
32	9,788,151	1	0.11%
33	9,526,593	1	0.10%
34	9,490,597	223	0.10%
35	9,114,886	95	0.10%
36	9,080,623	9	0.10%
37	7,705,841	32	0.08%
38	7,158,001	77	0.08%
39	6,969,120	1	0.08%
40	6,955,540	401	0.08%
41	5,745,476	13	0.06%
42	5,473,252	18	0.06%
43	5,317,896		0.06%
44	5,243,285	14	0.06%
45	5,167,890	8	0.06%
46	4,753,035	197	0.05%
47	4,545,167	64	0.05%
48	4,409,375	21	0.05%
49	4,274,971	3,143	0.05%
50	4,263,771	1	0.05%
51	4,122,122	3	0.04%
52	4,008,646	4	0.04%
53	3,752,252	3	0.04%
54	3,587,852	1,656	0.04%
55	3,567,138	1,399	0.04%
56	3,108,100	1	0.03%
57	2,708,494	6	0.03%
58	2,498,678	1	0.03%
59	2,371,764	4	0.03%
60	2,353,557	29	0.03%
61	2,300,160	-	0.03%
62	2,103,815	1	0.02%
63	1,929,293	1	0.02%
64	1,411,625	-	0.02%
65	1,403,144	5	0.02%
66	1,233,466	3	0.01%
67	1,107,796	1	0.01%

Section 19-130 - Appendix A - Natural Gas Utility Sales and Transoprtation Data

Alternative Gas Suppliers - Transportation Service	Annual Therms Delivered and Sold in 2002	Number of Customers Served in 2002	Percentage of Total Therms Delivered and Sold in 2002
68	1,044,473	1	0.01%
69	866,496	23	0.01%
70	771,311	16	0.01%
71	660,062	2	0.01%
72	530,025	7	0.01%
73	525,035	2	0.01%
74	480,300	2	0.01%
75	470,144	4	0.01%
76	399,443	-	0.00%
77	390,069	1	0.00%
78	271,500	2	0.00%
79	230,785	2	0.00%
80	226,368	-	0.00%
81	212,010	40	0.00%
82	177,691	5	0.00%
83	145,274	3	0.00%
84	117,792	-	0.00%
85	101,606	1	0.00%
86	74,372	156	0.00%
87	33,487	2	0.00%
88	31,096	1	0.00%
89	4,051	61	0.00%
Subtotal - Alternative Gas Suppliers	**3,983,154,040**	**199,504**	**43.36%**

Section 19-130 Report - Appendix B - Natural Gas Utility Sales and Transportation Data by Service Territory

Nicor Gas Company - Retail Data

	Total		Residential		Commercial - 5000 therms or less		Commercial/Industrial greater than 5000 therms	
	Customers	Therms Delivered	Customers	Therms Delivered	Customers	Therms Delivered	Customers	Therms Delivered
Utility Sales	1,851,441	2,614,628,565	1,738,950	2,128,831,704	93,305	22,708,848	19,186	463,088,013
Transportation	171,405	2,429,242,955	100,632	110,221,644	38,453	71,864,725	32,320	2,247,156,586
Total	2,022,846	5,043,871,520	1,839,582	2,239,053,348	131,758	94,573,573	51,506	2,710,244,599

Peoples Gas Light & Coke Company - Retail Data

	Total		Residential		Commercial - 5000 therms or less		Commercial/Industrial greater than 5000 therms	
	Customers	Therms Delivered	Customers	Therms Delivered	Customers	Therms Delivered	Customers	Therms Delivered
Utility Sales	798,778	1,189,273,090	760,988	1,004,129,920	35,709	46,172,688	2,081	138,970,482
Transportation	23,970	824,055,070	9,446	196,558,562	2,950	15,850,319	11,574	611,646,189
Total	822,748	2,013,328,160	770,434	1,200,688,482	38,659	62,023,007	13,655	750,616,671

Illinois Power - Retail Data

	Total		Residential		Commercial - 5000 therms or less		Commercial/Industrial greater than 5000 therms	
	Customers	Therms Delivered	Customers	Therms Delivered	Customers	Therms Delivered	Customers	Therms Delivered
Utility Sales	411,122	542,952,271	376,281	325,065,226	34,570	137,363,079	271	80,523,966
Transportation	372	229,884,110		-	7	6,610	365	229,877,500
Total	411,494	772,836,381	376,281	325,065,226	34,577	137,369,689	636	310,401,466